RECORD AND BRIEFS

Supreme Court, U.S.
FILED
OCT 30 2017
OFFICE OF THE CLERK

No. 16-712

IN THE
Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,
Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, *et al.*,
Respondents.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF OF UNIFIED PATENTS INC. AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

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BRIEF OF UNIFIED PATENTS INC. AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

INTEREST OF *AMICUS CURIAE*[1]

Unified Patents Inc. is a member organization dedicated to deterring non-practicing entities, or NPEs, from extracting nuisance settlements from operating companies based on patent claims that should not have issued—either because of a failure of invention or because of an overbroad scope—before the Patent Office. Unified's nearly 200 members are Fortune 500 companies, start-ups, automakers, industry groups, cable companies, banks, manufacturers, and others dedicated to reducing the drain on the U.S. economy of now-routine baseless litigations asserting infringement of patents of dubious validity.

As part of its mission, Unified files post-grant procedures challenging patent claims that it believes are unpatentable as issued. Unified is permitted to challenge patent claims, despite having never been sued for infringement, because of Congress's express judgment that any "person who is not the owner of a

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[1] Pursuant to this Court's Rule 37.3(a), letters of consent from all parties to the filing of this brief have been submitted to the Clerk. Pursuant to this Court's Rule 37.6, *amicus* states that this brief was not authored in whole or in part by counsel for any party, and that no person or entity other than *amicus* or their counsel made a monetary contribution intended to fund the preparation or submission of this brief.

patent may file" a petition for *inter partes* review. 35 U.S.C. § 311(a).

In 2016, Unified was the fifth most frequent petitioner before the Patent Office, and is by far the most frequent third-party filer of *inter partes* review petitions. In addition to its other services, Unified has filed more than 100 such petitions since 2012. These petitions are often based on Supreme Court caselaw that altered the standards of patentability after the patent was issued. Unified thereby pursues and frequently exonerates "the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain." *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

In this case, Unified is concerned with ensuring that *inter partes* review and other related Patent Office proceedings remain timely and cost-effective tools for any member of the public to protect itself from improperly issued patent claims, and that the agency remains free to apply its expertise in the public interest.

SUMMARY OF ARGUMENT

Inter partes review allows the public a voice in patentability decisions; it allows the Patent Office to quickly and efficiently review issued patents when this Court corrects the Federal Circuit (*e.g.*, following *KSR v. Teleflex*); and it allows patentees a chance to further limit the scope of claims that are

shown to have reached too far. As such, *inter partes* review is a constitutionally permitted proceeding that serves, and is inextricably linked with, the promotion of the useful arts.

Congress used its Article I power to allow the Patent Office—the historical arbiter of patentability and of claim scope—to review issued patents to ensure the claims therein comport with the Patent Act. *Inter partes* review is a permissible extension of longstanding Patent Office proceedings—reissue, certificates of correction, interferences, and reexaminations—that have reviewed and corrected issued patents.

Patent claims define public rights granted to patentees because (1) they are integrally related to particular government action—the initial examination and issuance of patent claims—and (2) the scope of patent rights "derives from a federal regulatory scheme" that allows patentees to restrain others from the free exercise and use of their possessions. Further, patents have no existence outside that bestowed by the Patent Act. They have no basis in the common law, nor are they property. Patents merely "have the attributes of personal property," which are "[s]ubject to the provisions" of the Patent Act. 35 U.S.C. § 261.

Furthermore, as this Court detailed in *Cuozzo*, *inter partes* review has distinct differences from patent litigation. Included among these are the public's

right to participate, the Patent Office's ability to maintain proceedings and appeals even absent a petitioner, and the patentee's ability to seek amendment to claims that encompass the prior art.

In sum, Congress was authorized under Article I to create *inter partes* review—a constitutionally sound, expert, and efficient method for dealing with a class of questions that are particularly suited to examination and determination by the Patent Office.

ARGUMENT

I. CONGRESSIONALLY CREATED AND EXECUTIVELY DEFINED PATENT RIGHTS FIT SQUARELY WITHIN THIS COURT'S DEMARCATION OF PUBLIC RIGHTS

"The [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law." *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494 (1850); *see also Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 658 (1834) ("it has never been pretended that [an inventor] could hold, by the common law, any property in his invention"). Instead, "[p]atent rights exist only by virtue of statute." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229 n.5 (1964). As a result, judicial power is not necessary to define, refine, or revoke that statutory grant. *See N. Pipeline Const. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 83 (1982) ("[W]hen Congress creates a statutory right, ... it may also provide that persons seeking to vindicate that right must do so before particularized tribunals created to perform the specialized

adjudicative tasks related to that right.") (plurality opinion).

A. Congress Created The Patent System And Tasked The Executive With Defining The Scope Of Patent Rights

The Constitution empowers Congress to "promote the Progress of ... useful Arts, by securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries." U.S. Const., Art. I, § 8, cl. 8. The First Congress used this authority to create the patent system. That Congress determined which inventions would be patentable and, among other things, the resulting patent's term and alienability. *See* Patent Act of 1790, ch. 7, § 1, 1 Stat. 109-112 ("1790 Patent Act"). The same holds true today. *See, e.g.*, 35 U.S.C. §§ 101, 154, 261.

The First Congress further created jurisdiction over patent infringement disputes in the courts and defined remedies for infringement. *See* 1790 Patent Act § 4; *compare* 35 U.S.C. §§ 281-85. But the power to define the scope of patent rights, if any, was placed in the Executive branch, where it remains.

Congress originally assigned the task of determining the appropriate scope of patents to the Secretary of State, in conjunction with the Secretary of War and the Attorney General. *Id.* § 1 (tasking "any two" of the officers "to cause letters patents to be made out" if "they shall deem the invention or discovery sufficiently useful and important"). Thus, the

Executive branch was responsible for determining appropriate patent scope even prior to the creation of the Patent Office. A few years later, Congress amended the patent system to one of registration. Act of 1793, Ch. 11, 1 Stat. 318-323. But this proved unsatisfactory.

In urging the establishment of a Patent Office, even supportive founders recognized that wrongful claimants would be highly motivated to seek these limited monopolies and that the onus was on the Executive to restrain and police such practices. *See* Letter From James Madison to Congress, April 11, 1816 ("I recommend . . . that further restraints be imposed on the issue of patents to wrongful claimants, and further guards provided against fraudulent exactions of fees by persons possessed of patents.") *available at* http://www.presidency.ucsb.edu/james_madison.php.

In 1836, Congress established the Patent Office and modern patent practice began. Patent Act of 1836, ch. 357, §§ 1, 6, 7, 5 Stat. 117 ("1836 Patent Act"). Ever since, this Court has understood that "the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is—for all practical purposes—to debilitate the patent system." *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 18 (1966). This weighty responsibility of "sifting out" has been greatly facilitated by the development of patent claims.

"'Prior to 1790 nothing in the nature of a claim had appeared in British patent practice or in that of the American states.'" *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378-79 (1996) (quoting Lutz, *Evolution of the Claims of U.S. Patents*, 20 J. Pat. Off. Soc. 134 (1938)). Some early-1800's patents included a claim of sorts and the Act of 1793 has been credited with beginning the development of patent claiming. Lutz, at 134-35. But claiming was not statutorily recognized until the Patent Act of 1836. *See* 1836 Patent Act §§ 6, 7.

Today, a patent's claims set the scope of the rights conveyed. Every issued patent ends with "one or more claims particularly pointing out and distinctly claiming" the invention. 35 U.S.C. § 112(b). The patent's claims "set forth the bounds to the grant which it contains." *Mtn. Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917).

For example, the patent at issue in this case (U.S. Patent No. 6,179,053) was issued with 27 claims. J.A. 15-17. Of these, 25 remain in force and two were found unpatentable. Pet. App. 4-5. The remaining 25 claims each describe a variation of the invention disclosed and are each still presumed valid. 35 U.S.C. § 282 (a).

Claims typically develop during the *ex parte* process of examination by the Patent Office. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136-37 (2016). Initial claims filed in a patent application

can be rejected for failing one or more of the statutory requirements during examination. For example, they may encompass only what is in the prior art or more than is patentable over the prior art. *See* 35 U.S.C. §§ 102, 103. As a result, issued claims are often amended by the applicant in light of the examiner's rejections and frequently with the assistance of the examiner in identifying patentable subject matter. *See, e.g.*, Manual of Patent Examining Procedure § 2103 (rev. 9th ed. 2015) ("Whenever practicable, USPTO personnel should indicate how rejections may be overcome and how problems may be resolved."). Thus, not only has the American patent right always been a creation of federal law, the contours of that right have long been defined by the Executive branch.

B. Patent Claims Define Public Rights Granted To Patentees

"[W]hat makes a right 'public' rather than private is that the right is integrally related to particular federal government action." *Stern v. Marshall*, 564 U.S. 462, 490-91 (2011). Patents rights, specified as separate patent claims of appropriate scope, are integrally related to a particular government action—the examination and issuance of patent claims—and to a particular government purpose—the promotion of scientific progress and the useful arts. "[T]he primary purpose of our patent laws is not the creation of private fortunes for the owners of patents but is 'to promote the progress of science and

the useful arts[.]'" *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 626 (2008) (quoting *Mtn. Picture Patents*, 243 U.S. at 518 (quoting in turn U.S. Const., Art. I, § 8, cl. 8)).

Ensuring that issued patent monopolies have claims with the appropriate scope is critical to accomplishing the constitutionally mandated purpose of the patent system. *Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 234 (1892) ("It is as important to the public that competition should not be repressed by worthless patents as that the patentee of a really valuable invention should be protected in his monopoly."); *see also Lab. Corp. of Am. Holdings v. Metabolite Labs., Inc.*, 548 U.S. 124, 126 (2006) (Breyer, J., dissenting from dismissal) ("[S]ometimes *too much* patent protection can impede rather than 'promote the Progress of Science and useful Arts.'") (citation omitted) (emphasis in original).

It follows that the correction of errors in issued patents—particularly the issuance of patent claims that encompass more than what the patentee invented—is a permissible adjunct to the agency's power to define and issue patent claims.

The need for an administrative proceeding to review issued patent claims is particularly sharp when the patent system needs to quickly and efficiently respond to a change in examination standards. This need was explicitly recognized during the Congressional debates leading up to the passage of the Amer-

ica Invents Act, which included both *inter partes* review and the related covered business method and post-grant review proceedings. Senator Kyl explained the issue in the context of covered business method proceedings and this Court's patent eligibility cases:

> [L]ast year's Supreme Court decision in *Bilski v. Kappos*, ha[s] sharply pulled back on the patenting of business methods, emphasizing that these "inventions" are too abstract to be patentable. In the intervening years, however, PTO was forced to issue a large number of business-method patents, many or possibly all of which are no longer valid. The [covered business method] proceeding offers a relatively cheap alternative to civil litigation for challenging these patents, and will reduce the burden on the courts of dealing with the backwash of invalid business-method patents.

157 Cong. Rec. S1367 (Mar. 8, 2011) (statement of Sen. Kyl); *see also* H.R. Rep. No. 112-98, Pt. 1 at 39-40 (2011). A parallel example, in the *inter partes* review context, is the Court's correction of the Federal Circuit's obviousness standard in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 405 (2007). Many patents still in force today were examined and issued under the weaker Federal Circuit standard.

Further, as some members of this Court have explicitly recognized, "patents have a regulatory effect: They 'restrain *others* from manufacturing, using, or selling that which [the patent holder] has invented' for a specified period of time." *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 847 (2015) (Thomas, J., dissenting) (quoting and adding emphasis to *Mtn. Picture Patents*, 243 U.S. at 510). The scope of patent rights, vel non, thus "derives from a federal regulatory scheme," and Congress has "deemed essential" the resolution of disputes about those rights by the "expert Government agency" that issued them. *Stern*, 564 U.S. at 490.

Petitioner's arguments to the contrary fail. Petitioner relies heavily on a patents-as-property theory. *E.g.*, Pet. Br. 16-17. The statute is to the contrary. Patents are not property, they were given "the attributes of personal property," "[s]ubject to the provisions of [Title 35]." 35 U.S.C. § 261. This portion of Section 261 was first added with the 1952 Patent Act and post-dates *American Bell* and other cases Petitioner relies on. *See* Patent Act of July 19, 1952, ch. 950, 66 Stat. 810 (1952); P.J. Federico, Commentary on the New Patent Act, 35 U.S.C.A. preceding § 1 at 50 (West 1954); *United States* v. *Am. Bell Tel. Co.*, 128 U.S. 315 (1888). And the words "[s]ubject to the provisions" do real work. In *eBay*, the "attributes of personal property" provision of Section 261 could not justify a "general rule in favor of permanent injunctive relief" when Section 281 of Title 35 stated "that

injunctive relief 'may' issue only "'in accordance with the principles of equity.'" *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392 (2006).

Thus, any right in a patent is always subject to the provisions of Title 35. And shown below, multiple provisions of the Patent Act allowed the Patent Office to retrieve issued patents and correct errors in the same. *Inter partes* review is another set of such provisions within Title 35. 35 U.S.C. §§311-19.

Allowing the Patent Office to retain corrective authority over patents—despite their attributes—is also consistent with this Court's jurisprudence. In *Boesche v. Udall*, 373 U.S. 472 (1963), this Court approved the "cancellation in an administrative proceeding a lease of public lands issued under the provisions of the Mineral Leasing Act" where the "lease was granted in violation of the Act and regulations promulgated thereunder." *Boesche*, 373 U.S. at 473. In *Boesche*, the Interior Secretary's "general powers of management over the public lands" was sufficient "authority to cancel this lease administratively for invalidity." *Id.* at 476. The land-patent cases cited in *Boesche* were unpersuasive because "no matter how the interest conveyed is denominated the true line of demarcation is whether...all 'authority or control'...has passed from 'the Executive Department.'" *Id.* at 477 (quoting *Moore v. Robbins*, 96 U.S. 530, 533 (1877)).

Here, Congress by statute has long granted the Executive the power to refine the scope of issued patents. As the discussion below demonstrates, this allocation has been unchanged for centuries, and *inter partes* review is merely another manner specified by Congress that allows the Executive branch to use its expertise to define the appropriate scope of the claims of a patent.

II. THE EXECUTIVE BRANCH HAS LONG BEEN TASKED WITH REFINING THE SCOPE OF ISSUED PATENT RIGHTS

Both historically and today, the Executive branch has refined the scope of issued patents. This should be unsurprising given its intimate role in defining the scope of the rights to issue. Petitioner expresses no concern with any form of post-grant refinement by the Patent Office except for *inter partes* review. Pet. Br. at 50. As demonstrated below, however, *inter partes* review is consistent with Congress's longstanding practice of tasking the Executive branch with protecting the public's interest in properly defining granted patent rights.

Reissue

Even before the Patent Office was founded, Executive branch officials replaced issued patents that contained mistakes with so-called "reissue patents." This Court considered and approved that practice in *Grant v. Raymond,* 31 U.S. (6 Pet.) 218 (1832). Prior to the underlying suit in *Grant*, then-Secretary of

State Henry Clay accepted the patent owner's surrender of his original patent granted in 1821, and reissued a new patent for the unexpired term of the original. *Id.* at 223-24. The accused infringer argued "that the Secretary of State had no power by law" to accept the surrender of the original patent or to grant the second patent with an amended specification. *Id.* at 240. Chief Justice Marshall, writing for the Court, rejected this argument, which he noted would have undone the Executive branch's "settled practice" of "receiv[ing] a surrender of a patent, cancel[ing] the record thereof, and issu[ing] a new patent for the unexpired [term] for which the original had been granted." *Id.* at 240, 244.

The Executive branch's settled reissue practice approved of in *Grant* was codified that same year. The Patent Act of 1832—in less forgiving terms than the present reissue statute—allowed for the initial surrender of an original patent and the correction of defects therein, possibly resulting in the grant of a new patent for the residue of the original patent's term. Act of July 3, 1832, ch. 162, § 3, 4 Stat. 559; *see also* 35 U.S.C. § 251 (present reissue statute). Patentees seeking reissues under this early practice had to surrender their patents with no guarantee of any patent being reissued.[2] *Allen v. Culp*, 166 U.S.

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[2] Modern reissue practice still allows the inventor to return to the Office seeking to correct errors or expand the scope of its claims. And since 1870, patentees have been assured that the

[Footnote continued on next page]

501, 505 (1897). This is consistent with the longstanding power of the Patent Office to define (and refine) the scope of issued patent rights.

Reissue practice provides important background to the case petitioner cites in support of its claim that "[o]nly one 'authority,'" the courts, is competent to set "'a patent aside, or to annul it, or to correct it for any reason whatever.'" *See* Pet. Br. at 29 (citing *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 609 (1898)). Context matters. On the page cited by Petitioner, the Court explained that this statement "is subject to a single qualification in the case of a patent for an invention." *Id.* That qualification was reissue practice. *Id.* at 609-610. The Court in *McCormick* was simply stating what was in the patent statutes at the time rather than defining a wide-ranging principle of separation of powers.

Certificates Of Correction

The Patent Office has also long had the power to correct errors in issued patents through certificates of correction. *See* 35 U.S.C. §§ 254-56.

By Thomas Edison's time, for instance, the Patent Office had established a practice of issuing cer-

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[Footnote continued from previous page]
surrender would only "take effect upon the issue" of the reissued patent. 1870 Patent Act §53; 35 U.S.C. § 252; *see also Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1361 n.5 (Fed. Cir. 2013).

tificates of correction. Edison himself received such a certificate on a patent for the Electric Lamp. *See Edison Elec. Light Co. v. U.S. Elec. Lighting Co.*, 52 F. 300, 312 (2d Cir.), *decree modified sub nom. Edison Elec. Light Co. v. Sawyer-Man Elec. Co.*, 53 F. 592 (2d Cir. 1892); *see also* U.S. Patent No. 223,898 (filed Nov. 4, 1879). In *Edison Electric*, the Second Circuit declared the certificate of correction "wholly void" because "the statute provid[ed] for no subsequent alteration thereof by the Patent Office, (except in cases of reissue, which this is not)." *Id.* at 312.

Following the Second Circuit's decision, which appears facially inconsistent with *Grant*, the Patent Office successfully sought statutory change. *See* Act of Mar. 4, 1925, Pub. L. No. 68-610, § 1, 43 Stat. 1268, 1268-69; *see also* Chelsea A. Priest, *Certificates of Correction Corrected: Their History and Retroactive Application*, Note, 67 Stan. L. Rev. 961, 965-68 (2015) (detailing history and Congressional testimony by Patent Office officials). The statute further verified that all prior certificates of correction issued by the Patent Office "shall have the same force and effect as if such certificates had been specifically authorized by statute." *Id.*

Certificates of correction are typically used to correct three types of errors. The Patent Office may correct its own "mistake[s] in a patent" that are "clearly disclosed by the records of the Office." 35 U.S.C. §254. Notably, the Patent Office does not

need the patent owner's cooperation or permission to correct such mistakes. *See* 37 C.F.R. § 1.322(a). The Patent Office may also correct patentee mistakes that are "of a minor character." *Id.* at § 255. Certificates of correction may also correct the "named inventor" of a patent, which can have consequences for ownership and enforcement. *Id.* at § 256; *see Stanford Univ. v. Roche Molecular Sys., Inc.*, 563 U.S. 776, 785 (2011) (recognizing that inventors own the patents on their inventions, absent contractual obligations or statutory mandates to the contrary).

Interferences

For more than a century and a half, the Executive branch has been authorized to recall an issued patent to determine whether another applicant was the true first inventor in a procedure called an "interference." *See* 1836 Patent Act § 8. Not only did an interference allow the Executive branch to review an issued patent, it allowed a third party—the other putative inventor—to participate in addressing the scope of issued patents.[3]

To preserve its argument regarding inter partes review, Petitioner tries to distinguish its position on

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[3] Interference practice was developed for the first-to-invent system. But inventors of first-inventor-to-file patents may likewise be required to return to the Patent Office in a Derivation proceeding, which can affect patent rights and scope. *See* 35 U.S.C. § 135.

interferences but without the necessary understanding. Petitioner's reliance on the current one-year window for the addition of claims leading to an interference (Pet. Br. at 4) ignores the original standard allowing the Patent Office to consider "any unexpired patent" in an interference. 1836 Patent Act § 8. Petitioner's comment regarding appeals to district court (Pet. Br. at 5) is unavailing not only for the reasons explained by the Government (Govt. Br. at 43) but also because Congress has eliminated district court appeals of interferences. *See Biogen MA v. Japanese Found. For Cancer Research*, 785 F.3d 648, 656 (Fed. Cir. 2015) (Explaining that "§ 146 review was eliminated for interference proceedings declared after September 15, 2012.") Yet the Patent Office is still required to conduct interferences for pending applications remaining from the first-to-invent system.

As demonstrated, Petitioner does not question Congress allowing the Executive branch to modify granted patent rights in certain circumstances. For interferences, however, those circumstances no longer exist. Thus, Petitioner's theory unavoidably leads to interferences being unconstitutional despite Petitioner's contrary understanding.

***Ex Parte* Reexamination**

"For several decades, the Patent Office has also possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed." *Cuozzo* 136 S. Ct. at 2137.

Since 1980, the Executive branch has been authorized to reexamine issued patent claims upon request by "any person" or upon the Director's own initiative. 35 U.S.C. §§ 301, 303(a). This is fitting since it is the public that surrenders its rights to the patentee in the first place—without any chance to participate in the examination process. A reexamination request can be filed any time during the enforceability of a patent. Thus, all patents extant today have been subject to reexamination requests since the day they issued. *See* 37 C.F.R. § 1.510(a).

The patentee need not consent to reexamination, though patentees are allowed to request reexamination themselves should they wish, *e.g.*, to amend their claims in view of newly identified prior art. 35 U.S.C. § 302. Reexamination, regardless of requester, is ordered if the "Director finds that a substantial new question of patentability affecting any claim of a patent is raised." 35 U.S.C. § 304. If reexamination is ordered, the patentee has an initial opportunity to respond with a "statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination." *Id.* If the patent owner files such a statement, the reexamination requester is given two months to respond. *Id.* After the reexamination requester's response, reexamination proceeds using the "procedures established for initial examination." *Id.* at § 305. These procedures include appeal from an examiner's adverse decision to

the Patent Trial and Appeal Board (PTAB) (the same tribunal that hears *inter partes* review proceedings), and from there, to the U.S. Court of Appeals for the Federal Circuit (which is where appeals from *inter partes* review proceedings are heard as well). *Id.* at § 306.

Inter Partes Reexamination

Inter partes reexamination is the immediate statutory predecessor to *inter partes* review. *Compare* 35 U.S.C. §§ 311-18 (2010) *with* 35 U.S.C. §§ 311-19 (2017). *Inter partes* reexamination was added in 1999 and allowed "third parties greater opportunities to participate in patent reexamination procedures." *Cuozzo*, 136 S. Ct. at 2137. Under the *inter partes* reexamination statute, "any third-person," *i.e.*, anyone other than the patentee or the Director, could request *inter partes* reexamination. 35 U.S.C. § 311(a) (2010). The standard for institution was the same as *ex parte* reexamination, *id.* at § 313, but the third-party requesters participation rights were expanded, *id.* at § 314. Under *inter partes* reexamination, the third-party requester had the "opportunity to file written comments addressing issues raised" "each time that the patent owner file[d] a response to an action on the merits." *Id.*

* * * * *

Petitioner appears to concede that these older proceedings, particularly *ex parte* reexamination, are Constitutional. Pet. Br. at 5-6, 50. Petitioner at-

tempts to distinguish *inter partes* review as having "all the trappings of litigation" instead of being "an interactive proceeding between the agency and the patent owner." *Id.* at 50.

But Petitioner's arguments would go to the heart of these long-standing corrective procedures. If patent rights are private rights, as Petitioner would have it, then correction through reissue, recall through interference, and correction by certificate would all be called into question. Each requires the Patent Office to reevaluate a prior grant for compliance with the Patent Act—something verboten under Petitioner's reading of the land-patent cases.

Most telling is reexamination. Petitioner's private rights theory is not new—*ex parte* reexamination was unsuccessfully attacked on the same grounds. It was upheld because patent rights are public rights. First in *Patlex*: "In contrast with the private rights at issue in *Northern Pipeline*, the grant of a valid patent is primarily a public concern." *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604 (Fed. Cir.) *modified on reh'g on other grounds*, 771 F.2d 480 (Fed. Cir. 1985). Later in *Joy Technologies*: "We conclude, contrary to Joy's contention, that the *Granfinanciera* decision affirms the basic underpinning of *Patlex*, *viz.*, that cases involving "public rights" may constitutionally be adjudicated by legislative courts and administrative agencies." *Joy Techs., Inc. v. Manbeck*, 959 F.2d 226, 228 (Fed. Cir. 1992).

Petitioner's private-rights theory would thus immediately call into question these long-standing proceedings. Petitioner's theory would effectively prevent the public from protecting itself from inappropriately issued patent claims before the Patent Office.[4] Without *ex parte* reexamination and *inter partes* review the public—particularly those without Article III standing—would be unable to seek correction of issued patent claims with inappropriate scope. The Patent Office would become a place where only the patentee has a voice.

III. *INTER PARTES* REVIEW IS A PROPER EXERCISE OF THE PATENT OFFICE'S AUTHORITY TO DEFINE AND REFINE PATENT RIGHTS

As shown above, examination, reissue, interference, and reexamination proceedings each reflect the Patent Office's plenary role in defining patent rights—a role the Executive branch has played since the First Congress.

A. *Inter Partes* Review Proceedings Are Expert Agency Proceedings That Do Not Trespass On The Judicial Power

Inter partes review builds on historical Patent Office proceedings by allowing the public a more active role and the Patent Office a chance to more

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[4] Pre-issue participation by the public is effectively barred. Patent applications are secret until publication and no protest to a pending application is allowed once it is published. *See* 35 U.S.C. § 122(a), (c).

properly define the scope of the claims in a patent after considering evidence offered by parties other than the patentee. In *inter partes* review, Congress has "devised an 'expert and inexpensive method for dealing with a class of questions of fact which are particularly suited to examination and determination by an administrative agency specially assigned to that task.'" *Stern*, 564 U.S. at 494 (quoting *Crowell v. Benson*, 285 U.S. 22, 46 (1932)).

Petitioner's arguments to the contrary rely on a mischaracterization of *inter partes* review. Like the petitioner in *Cuozzo*, Petitioner in this case fails to appreciate the "significant respects" in which "inter partes review is less like a judicial proceeding and more like a specialized agency proceeding." *Cuozzo*, 136 S. Ct. at 2143.

First, "[p]arties that initiate the proceeding need not have a concrete stake in the outcome." *Id.* Unified, for example, has filed 100 *inter partes* review petitions despite having never been sued for patent infringement. The public's right to petition is important for clearing patent thickets prior to market entry and for policing patentees that avoid suing those likely to have the strongest prior art. Likewise, it allows public challenge to patentees that focus on suing small enterprises or the end-users of innovative companies. *See, e.g., HP Inc. v. MPHJ Tech. Inv., LLC*, 817 F.3d 1339, 1342 (Fed. Cir. 2016). Small entities have smaller exposure and less ability to fund a patent litigation and are too often

forced to pay a settlement below the cost of challenging a patent's validity regardless of the merits of the claimed invention.

Second, "challengers need not remain in the proceeding." *Cuozzo*, 136 S. Ct. at 2144. Third, the "Patent Office may intervene in a later *judicial* proceeding to defend its decision—even if the private challengers drop out." *Id.* Together these factors further differentiate *inter partes* review from traditional adjudication and give the Executive branch the necessary authority to see a proceeding through, if necessary for the public good.

Fourth, the "burden of proof in *inter partes* review is different." *Id.* An *inter partes* review petition challenges the "patentability" (preponderance of the evidence), not the "validity" (clear and convincing evidence) of a claim. *See* 35 U.S.C. § 316(e); *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011). District courts, of course, retain the authority to litigate validity and infringement and often do so in cases with parallel Patent Office proceedings—though district courts may stay such cases at their own discretion. Even where the Patent Office has found claims patentable, the district court in question may still try invalidity absent statutory estoppel. *Compare Microsoft Corp. v. Biscotti, Inc.*, IPR2014-01458, 2016 WL 1085103, at *13 (Mar. 17, 2016) (finding certain patent claims not unpatentable) *with Biscotti Inc. v. Microsoft Corp.*, No. 2-13-cv-

01015, ECF Dkt. No. 310 (E.D. Tex. Oct. 4, 2017) (jury holding overlapping patent claims invalid).

Fifth, other Patent Office proceedings involving the patent may be stayed, transferred, consolidated, or terminated in view of the *inter partes* review. *Cuozzo*, 136 S. Ct. at 2145; *see also* 35 U.S.C. § 315(d).

Sixth, and perhaps most telling, the "patent holder may, at least once in the process, make a motion to do just what he would do in the examination process, namely, amend or narrow the claim." *Cuozzo*, 136 S. Ct. at 2145; 35 U.S.C. § 316(d). Thus, while unpatentable claims may be cancelled in an *inter partes* review, they may also be amended if patentable subject matter is contained therein. Amendments to patent claims are something that no court has the expertise or authority to consider.

For example, Petitioner's patent originally issued with claims 1 through 27. J.A. 15-17. Only two, claims 1 and 22, were challenged in the *inter partes* review petition. Pet. App. 4. Petitioner sought to amend those two claims, "contingent" on claims 1 and 22 being found unpatentable. Pet. App. 29. Petitioner failed to show that the substitute claims were patentable. As a result, when the challenged claims were cancelled, the amended claims were not added to the patent.

Further, the Patent Office has made clear that patent owners are of course permitted to use reexam-

ination and reissue to amend claims during and after the *inter partes* review proceeding. The Board, in an opinion designated "representative," suggests that when "a patent owner desires a complete remodeling of its claim structure according to a different strategy, it may do so" in reexamination or, in "appropriate circumstances" in a reissue application. *Idle Free v. Bergstrom*, IPR2012-00027, Paper No. 26, 6 (PTAB June 11, 2013). Patent owners may even rely on the *inter partes* review institution decision to assert the necessary substantial new question of patentability in the reexamination request. *Id.* Thus, Petitioner may yet amend or add to the remaining claim set in its patent.

Finally, Patent Office decisions are reviewed under traditional APA standards. *Dickinson v. Zurko*, 527 U.S. 150, 152 (1999). The Federal Circuit reviews issues of law *de novo* and issues of fact for substantial evidence. *Id.* Thus, the proceedings are never untethered from judicial review.

Each of these factors separately aids the Patent Office in using *inter partes* review to better define patent rights. Each also makes clear that the proceeding is a specialized agency proceeding to determine the proper scope of the patent rights awarded.

In sum, these factors "indicate that the purpose of the proceeding is not quite the same as the purpose of district court litigation." *Cuozzo*, 136 S. Ct. at 2144. Instead, *inter partes* review "offers a second

look at an earlier administrative grant of a patent," *id.*, one where the scope of granted rights may be adjusted in view of the art and arguments presented by the challenger.

B. Petitioner Mischaracterizes The *Inter Partes* Review Process

Petitioner characterizes *inter partes* review as an action "to invalidate a patent," with "all the trappings of litigation." Pet. Br. at 8, 50. That is not the case. First, as the Federal Circuit recently explained, "[v]ery seldom do [*inter partes* review] proceedings have the hallmarks of what is typically thought of as a trial." *Ultratec, Inc. v. CaptionCall, LLC*, 872 F.3d 1267, 1270 n.2 (Fed. Cir. 2017). In *Ultratec*, as is typical, "there was no live testimony" (such testimony is exceedingly rare; Amicus is only aware of a single instance of live testimony in inter partes reviews hearings). *Id.* Typically, testimony is presented in affidavits, depositions, and briefing, followed by "a brief argument by the lawyers for each side," when requested. *Id.*

Further, even in court there is no action to invalidate "a patent." Instead, each claim in a patent has independent validity. 35 U.S.C. § 282(a). Even claims "dependent upon an invalid claim" are still presumed valid and enforceable. *Id.* Thus, more properly, parties seek to invalidate particular claims of a patent wherein "each claim must stand or fall, as itself sufficiently defining invention, independently

of the others." *Altoona Publix Theatres v. Am. Tri-Ergon Corp.*, 294 U.S. 477, 487 (1935).

Likewise, in the Patent Office, patent claims are separately evaluated. *See* 35 U.S.C. § 312(a)(3). Thus, *inter partes* review is better characterized as defining the scope of patent rights. This is particularly so where, as here, only a fraction of the patent claims were challenged.

Petitioner also appears to question the integrity of the Administrative Patent Judges (APJs) of the Patent Trial and Appeal Board (PTAB) that decide *inter partes* review. Pet. Br. 44-45.

Initially, the details of the deciding official's employment opportunities and pay is immaterial to the question of whether the power to decide the scope of issued patents can constitutionally be assigned to the Executive. If it resides in the Executive, it may be delegated to any properly appointed official. Petitioner failed to note the fact that the Federal Circuit's ancient predecessor, the United States Court of Custom Appeals, was once an Article I "legislative court" lacking Article III status. *See Ex Parte Bakelite*, 279 U.S. 438, 460 (1929). Nor has Petitioner shown that any of its concerns regarding such courts surfaced in the decades that court (later renamed the Court of Custom and Patent Appeals) considered patent appeals.

Regardless, safeguards abound. First, every merits decision in *inter partes* review is made by a

panel of at least three members of the PTAB. 35 U.S.C. § 6(c). No single judge may hear an "appeal, derivation proceeding, post-grant review, [or] inter partes review." *Id.*

The APJs are federal employees, as Petitioner appears to recognize. Pet. Br. at 44 (citing Civil Service Reform Act of 1978, Pub. L. No. 95-454, 92 Stat. 1111). And non-probationary federal employees have a property interest in their employment such that due process is required before they may be terminated. *See, e.g.*, *Arnett v. Kennedy*, 416 U.S. 134, 155, 165, 185 (1974) (plurality, concurring, and dissenting opinions all agreeing to this principle); *see also Cleveland Bd. of Educ.* v. *Loudermill*, 470 U.S. 532, 538-43 (1985).

Finally, as a practical matter the APJs are highly trained "patent lawyers and former patent examiners." *Cuozzo*, 136 S. Ct. at 2137. "The vast majority," as Petitioner notes, have "extensive experience in patent litigation." Pet. Br. at 11. They are "persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director." 35 U.S.C. § 6(a). They have skills that are in demand; not the type of person desperate to serve Petitioner's imagined questionable ends of their supervisors.

Petitioner also attacks the Director's participation in the decisionmaking process. Pet. Br. at 46 (pointing to two decisions, one this year and one dated 1994, that reviewed the use of expanded panels to

ensure PTAB uniformity on questions of law). In the first opinion cited by Petitioner, *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Matal*, 868 F.3d 1013, 1020 (Fed. Cir. 2017) (Dyk, J. concurring), the Patent Office expanded the panel to better "secure and maintain uniformity of the Board's decisions" that dealt with interpretations of the statute governing joinder of proceedings. In the second, *In re Alappat*, 33 F.3d 1526, 1531-32 (Fed. Cir. 1994), *abrogated on other grounds by In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (en banc holding that expanded panels were within the Patent Office's power), some 23 years earlier the Patent Office expanded the panel to ensure uniformity in the Office's application of Section 101, patent eligibility, law.

The en banc Federal Circuit found nothing nefarious in the Patent Office's practice of expanded panels considering, among other reasons, "the asymmetry of § 141, which grants applicants, but not the [Director] the right to appeal a decision of the Board to this court." *Alappat*, 33 F.3d at 1535. Petitioner also neglected to explain that the decisionmaking involved has always been tightly proscribed. The Patent Trial and Appeal Board's public Standard Operating Procedure 1 gives the ability to staff panels to the Chief Administrative Patent Judge alone. More importantly, "expanded panels [are] not favored and will ordinarily not be used" absent issues of "exceptional importance" or to maintain "uniformity" and avoid "conflicting decisions on statutory interpreta-

tion or rule interpretation." *See* USPTO, PTAB Standard Operating Procedure 1, Rev. 14, 2-3 *available at* https://www.uspto.gov/sites/default/files/documents/SOP1%20-%20Rev.%2014%202015-05-08.pdf.

Finally, Petitioner's statistic that *inter partes* review has been "invalidating nearly 80 percent of the **patents** in the cases it adjudicates" is misleading at best. Pet. Br. at 48 (emphasis added). As explained, patents are evaluated claim-by-claim. Only around 45% of challenged claims are cancelled. This combines the rate of institution (roughly 63% for fiscal year 2017) with the rate at which final written decisions cancel claims (historically roughly 75%). *See* USPTO, Trial Statistics at 7, 11 (September 2017), *available at* https://www.uspto.gov/sites/default/files/documents/Trial_Stats_2017-09-30.pdf.

IV. For The Same Reasons *Inter Partes* Review Does Not Violate The Seventh Amendment Jury Right

When faced with a Seventh Amendment challenge, the Court typically looks to common law analogs at the time of the Founding. No such analog exists here.

There was no suit in which:

- claims existed to define the scope of patent rights;

- the scope of granted patent claims could be amended; or

- the public—even absent Article III standing—could participate in canceling or revising the scope of challenged patent claims.

No American court at the time of the Founding or today performs or has the expertise to perform analogous actions.

Furthermore, even if the Court accepts Petitioner's framing of *inter partes* review as an action "to invalidate a patent" (Pet. Br. at 8), there is no constitutional basis for requiring such actions be tried before a jury. Patent rights are public rights: "The Seventh Amendment protects a litigant's right to a jury trial only if a cause of action is legal in nature and it involves a matter of 'private right.'" *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42n.4 (1989).

Moreover, even the district court action analogous to Petitioner's strained interpretation of *inter partes* review, a declaratory judgment action testing validity alone does not require a jury. *See* 28 U.S. Code § 2201. To be sure, the Federal Circuit once held—in an opinion vacated by this Court and over a strong dissent from Judge Nies—that such actions require a jury. *See In re Lockwood*, 50 F.3d 966, 980-90 (Fed. Cir. 1995) (Nies, J. dissenting from denial of rehearing en banc). But the point was never settled. This Court granted certiorari to review the issue. *Am. Airlines, Inc. v. Lockwood*, 515 U.S. 1121 (1995).

But the Court ultimately vacated *In re Lockwood* without opinion, presumably because the jury demand issue was settled. *See Am. Airlines, Inc. v. Lockwood*, 515 U.S. 1182 (1995).

Regardless, Judge Nies had the superior view. She demonstrated that (1) the "validity of a patent involves public rights," and (2) such suits sound in equity where no jury right exists. *In re Lockwood*, 50 F.3d at 981. That she was correct in the first proposition is demonstrated above. This Court's own cases demonstrate that she was correct in the second. *See Lockwood*, 50 F.3d at 984 (Fed. Cir.) (Nies, J., dissenting) (citing *Mowry v. Whitney*, 81 U.S. (14 Wall) 434, 439–40 (1871); *United States v. Stone*, 69 U.S. (2 Wall) 525, 535 (1864)).

Finally, *inter partes* review does not wrest from a patentee redress before a jury in an Article III court for patent infringement. "The Seventh Amendment question depends on the nature of the issues to be tried rather than the character of the overall action." *Ross v. Bernhard*, 396 U.S. 531, 538 (1970). The issue here—the scope of patent rights, if any, to be awarded a patentee—is separate and apart from the infringement of properly granted rights.

CONCLUSION

The judgment of the Court of Appeals for the Federal Circuit should be affirmed.

Respectfully submitted.

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October 30, 2017